



**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

v.

Jason Cardiff, et al.,

Defendants.

No. ED 5:18-cv-02104-SJO-PLAx

STIPULATED PRELIMINARY
INJUNCTION
AS TO DEFENDANT
DANIELLE CADIZ

On October 3, 2018, Plaintiff, the Federal Trade Commission, filed its Complaint for Permanent Injunction and Other Equitable Relief pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), the Restore Online Shoppers’ Confidence Act, (“ROSCA”), 15 U.S.C. §§ 8401-8405, and the Electronic Fund Transfer Act (“EFTA”), 15 U.S.C. §§ 1693-1693r, and Section 6 of the Telemarketing and Consumer Fraud and Abuse Prevention Act (the “Telemarketing Act”), 15 U.S.C. § 6105, and moved, pursuant to Fed. R. Civ. P. 65(b), for a temporary restraining order, asset freeze,

1 other equitable relief, and an order to show cause why a preliminary injunction
2 should not issue against Defendants Jason Cardiff, Eunjung Cardiff, a/k/a Eunjung
3 Lee, a/k/a Eunjung No, Danielle Cadiz, a/k/a Danielle Walker, Redwood Scientific
4 Technologies, Inc. (California), Redwood Scientific Technologies, Inc. (Nevada),
5 Redwood Scientific Technologies, Inc. (Delaware), Identify, LLC, Advanced
6 Men's Institute Prolongz LLC, Run Away Products, LLC, and Carols Place
7 Limited Partnership.

8 A Temporary Restraining Order ("TRO") was entered by this Court on
9 October 10, 2018, setting a Preliminary Injunction hearing for October 23, 2018 at
10 2:00 p.m. (Dkt. No. 29) Prior to that hearing, the FTC and Defendant Danielle
11 Cadiz, a/k/a/ Danielle Walker ("Defendant Cadiz"), stipulated to an extension of
12 the TRO and a continuance of the Preliminary Injunction hearing as to Defendant
13 Cadiz until such date as the Court set.

14 On October 24, 2018, the Court extended the TRO as to Defendant Cadiz
15 and continued the Preliminary Injunction hearing to November 7, 2018. (Dkt. No.
16 47)

17 The FTC and Defendant Cadiz have now agreed to the entry of a
18 Preliminary Injunction for the duration of this litigation. The terms of the
19 stipulated preliminary injunction are set out below.

20 **FINDINGS OF FACT**

21 By Stipulation of the parties, the Court finds as follows:

22 A. This Court has jurisdiction over the subject matter of this case.

23 B. Venue is proper in this District.

24 C. There is good cause to believe that Defendants have engaged in and
25 are likely to engage in the deceptive or unfair acts or practices alleged in the
26 Complaint, that Plaintiff is likely to prevail on the merits of this action, that the
27 weight of the equities favors entry of this Order to protect the public interest, and
28 that immediate and irreparable damage to the Court's ability to grant effective final

1 relief for consumers is likely to occur unless Defendants are restrained and
2 enjoined by order of this Court.

3 D. Without admitting or denying any allegations of the Complaint
4 (except as to personal and subject matter jurisdiction, which Defendant Cadiz
5 admits), Defendant Cadiz consents and stipulates to the entry of a preliminary
6 injunction in the form below without further notice or hearing.

7 E. This Court has authority to issue this Order pursuant to Section 13(b)
8 of the FTC Act, 15 U.S.C. § 53(b), Federal Rule of Civil Procedure 65, and the All
9 Writs Act, 28 U.S.C. § 1651.

10 F. No security is required of any agency of the United States for issuance
11 of a Preliminary Injunction. Fed. R. Civ. P. 65(c).

12 **DEFINITIONS**

13 For the purpose of this Order, the following definitions shall apply:

14 A. “Asset” means any legal or equitable interest in, right to, or claim to,
15 any property, wherever located and by whomever held.

16 B. “Continuity Program” means any plan, arrangement, or system under
17 which a consumer is periodically charged for products or services, without prior
18 notification by the seller before each charge.

19 C. “Corporate Defendant(s)” means Redwood Scientific Technologies,
20 Inc. (California), Redwood Scientific Technologies, Inc. (Nevada), Redwood
21 Scientific Technologies, Inc. (Delaware), Identify, LLC, Advanced Men’s Institute
22 Prolongz LLC, Run Away Products, LLC, and Carols Place Limited Partnership,
23 and each of their subsidiaries, affiliates, successors, and assigns.

24 D. “Defendant(s)” means Corporate Defendants, Jason Cardiff, Eunjung
25 Cardiff, and Danielle Cadiz, individually, collectively, or in any combination.

26 E. “Document” is synonymous in meaning and equal in scope to the
27 usage of “document” and “electronically stored information” in Federal Rule of
28 Civil Procedure 34(a), Fed. R. Civ. P. 34(a), and includes writings, drawings,

1 graphs, charts, photographs, sound and video recordings, images, Internet sites,
2 web pages, websites, electronic correspondence, including email and instant
3 messages, contracts, accounting data, advertisements, FTP Logs, Server Access
4 Logs, books, written or printed records, handwritten notes, telephone logs,
5 telephone scripts, receipt books, ledgers, personal and business canceled checks
6 and check registers, bank statements, appointment books, computer records,
7 customer or sales databases, and any other electronically stored information,
8 including Documents located on remote servers or cloud computing systems, and
9 other data or data compilations from which information can be obtained directly or,
10 if necessary, after translation into a reasonably usable form. A draft or non-
11 identical copy is a separate document within the meaning of the term.

12 F. “Electronic Data Host” means any person or entity in the business of
13 storing, hosting, or otherwise maintaining electronically stored information. This
14 includes, but is not limited to, any entity hosting a website or server, and any entity
15 providing “cloud based” electronic storage.

16 G. “Individual Defendant(s)” means Jason Cardiff, Eunjung Cardiff, and
17 Danielle Cadiz, individually, collectively, or in any combination.

18 H. “Negative Option” means, in an offer or agreement to sell or provide
19 any good or service, a provision under which the consumer’s silence or failure to
20 take an affirmative action to reject a good or service or to cancel the agreement is
21 interpreted by the seller or provider as acceptance or continuing acceptance of the
22 offer or agreement.

23 I. “Person” means a natural person, organization, or other legal entity,
24 including a corporation, partnership, proprietorship, association, cooperative, or
25 any other group or combination acting as an entity.

26 J. “Preauthorized Electronic Fund Transfer” means an electronic fund
27 transfer authorized in advance to recur at substantially regular intervals.

1 K. "Receiver" means the receiver identified in Section XIV of this Order
2 and any deputy receivers that shall be named by the receiver.

3 L. "Receivership Entities" means Corporate Defendants as well as any
4 other entity that has conducted any business related to Defendants' marketing and
5 sale of dissolvable film strips and promotion of the Rengalife multilevel marketing
6 program, including receipt of Assets derived from any activity that is the subject of
7 the Complaint in this matter, and that the Receiver determines is controlled or
8 owned by any Defendant.

9 M. "Receivership Property" means any Assets, wherever located, that are:
10 (1) owned, controlled, or held by or for the benefit of the Receivership Entities;
11 (2) in the actual or constructive possession of the Receivership Entities; or
12 (3) owned, controlled, or held by, or in the actual or constructive possession of, or
13 otherwise held for the benefit of, any corporation, partnership, trust, or other entity
14 directly or indirectly owned or controlled by the Receivership Entities.

15 ORDER

16 I. PROHIBITED BUSINESS ACTIVITIES

17 IT IS THEREFORE ORDERED that Defendant Cadiz, her officers,
18 agents, employees, and attorneys, and all other persons in active concert or
19 participation with her, who receive actual notice of this Order by personal service
20 or otherwise, whether acting directly or indirectly, in connection with the
21 advertising, marketing, promoting, or offering for sale of any goods, services, or
22 programs are preliminarily restrained and enjoined from misrepresenting or
23 assisting others in misrepresenting, expressly or by implication:

24 A. Any material fact about TBX-FREE, Eupepsia Thin, or Prolongz,
25 including, but not limited to:

- 26 1. That TBX-FREE is an effective smoking cessation product;
- 27 2. That TBX-FREE is more effective than either nicotine patches
28 or nicotine gum in enabling cigarette smokers to stop smoking;

3. That TBX-FREE enables many cigarette smokers to quit in seven to ten days;
4. That TBX-FREE has an 88% success rate, including among people who have smoked cigarettes for more than five years;
5. That smokers should not need to purchase more than one month of TBX-FREE;
6. That clinical studies have been conducted on TBX-FREE, and have shown that TBX-FREE is an effective smoking cessation product;
7. That TBX-FREE has been proven in clinical studies to be more effective than nicotine patches or nicotine gum in enabling smokers to stop smoking;
8. That clinical studies of TBX-FREE conducted on 10,600 people have shown that TBX-FREE has an “88% success rate”;
9. That The New England Journal of Medicine (“NEJM”), Harvard Health Publications, and Johns Hopkins University have published clinical studies proving that TBX-FREE is an effective smoking cessation product;
10. That NEJM’s clinical studies showed that TBX-FREE is ten times more effective for smoking cessation than nicotine replacement therapy;
11. That Eupepsia Thin is an effective appetite suppressant and weight loss aid;
12. That Eupepsia Thin starts working in less than 20 seconds, and suppresses a user’s appetite within minutes;
13. That Eupepsia Thin enables users to lose 10, 20, or even 100 pounds without dieting, giving up their favorite foods, or increasing their exercise;

14. That Eupepsia Thin users can lose 15 pounds their first month without dieting or changing their food or lifestyle;
15. That Eupepsia Thin users can lose as much as 20 pounds in one month and as much as 50 pounds in three months;
16. That Eupepsia Thin is more effective at causing weight loss than conventional calorie reduction and meal plans;
17. That Eupepsia Thin enables consumers to avoid gaining back weight they lose, without any lifestyle changes;
18. That clinical studies have been conducted on Eupepsia Thin and those studies show that it is an effective appetite suppressant and weight loss aid;
19. That Prolongz substantially increases ejaculation control and the duration of sex;
20. That Prolongz treats or prevents premature ejaculation;
21. That Prolongz is clinically proven to increase ejaculation control and the duration of sex for more than 97% of users;
22. That Eupepsia Thin is made in the United States;
23. That individuals appearing in advertising for Eupepsia Thin used that product successfully to lose weight; and
24. That consumers who are not satisfied with the product they purchased will get their money back;

B. Any material fact about any multi-level marketing plan, including, but not limited to, the income that participants in the plan are likely to earn; and

C. Any other fact material to consumers concerning any good or service, such as: the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics.

II. PROHIBITIONS AGAINST UNFAIR AND DECEPTIVE NEGATIVE OPTION MARKETING PRACTICES

1 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
2 employees, and attorneys, and all other persons in active concert or participation
3 with any of them, who receive actual notice of this Order, whether acting directly
4 or indirectly, in connection with the sale of any good or service are preliminarily
5 restrained and enjoined from charging, causing to be charged, assisting others in
6 charging, or attempting to charge any consumer in any sale of a good or service
7 sold through a negative option without:

8 A. Clearly and conspicuously disclosing all material terms of the
9 negative option features before obtaining the consumer's billing information;

10 B. Obtaining a consumer's express informed consent, written or similarly
11 authorized, to the negative option features before making any charge; and

12 C. Providing a simple mechanism for a consumer to stop recurring
13 charges from being placed on the consumer's credit card, debit card, or other
14 financial account.

15 **III. PROHIBITIONS AGAINST UNAUTHORIZED CHARGES**

16 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
17 employees, and attorneys, and all other persons in active concert or participation
18 with any of them, who receive actual notice of this Order, whether acting directly
19 or indirectly, are preliminarily restrained and enjoined from charging, causing to be
20 charged, assisting others in charging, or attempting to charge any consumer for any
21 good or service without first obtaining the consumer's express informed consent,
22 written or similarly authorized, to the charge.

23 **IV. PROHIBITIONS AGAINST DEBITING CONSUMERS' BANK** 24 **ACCOUNTS WITHOUT AUTHORIZATION**

25 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
26 employees, and attorneys, and all other persons in active concert or participation
27 with any of them, who receive actual notice of this Order, whether acting directly
28

1 or indirectly, in connection with the sale of any good or service, are preliminarily
2 restrained and enjoined from:

3 A. Failing to timely obtain written authorization signed or similarly
4 authenticated by the consumer for any Preauthorized Electronic Fund Transfer
5 from a consumer's account before initiating any Preauthorized Electronic Fund
6 Transfer; and

7 B. Failing to provide to the consumer a copy of a valid written
8 authorization signed or similarly authenticated by the consumer for any
9 Preauthorized Electronic Fund Transfer from a consumer's account.

10 **V. PROHIBITION OF PRERECORDED MARKETING CALLS**

11 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
12 employees, and attorneys, and all other persons in active concert or participation
13 with any of them, who receive actual notice of this Order, whether acting directly
14 or indirectly, are preliminarily restrained and enjoined from initiating or causing
15 the initiation of outbound telephone calls delivering prerecorded messages to
16 induce the sale of goods or services.

17 **VI. PROHIBITION ON RELEASE OF CUSTOMER INFORMATION**

18 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
19 employees, and attorneys, and all other persons in active concert or participation
20 with any of them, who receive actual notice of this Order, whether acting directly
21 or indirectly, are preliminarily restrained and enjoined from:

22 A. Selling, renting, leasing, transferring, or otherwise disclosing, the
23 name, address, birth date, telephone number, email address, credit card number,
24 bank account number, Social Security number, or other financial or identifying
25 information of any person that any Defendant obtained in connection with any
26 activity that pertains to the subject matter of this Order; and

27 B. Benefitting from or using the name, address, birth date, telephone
28 number, email address, credit card number, bank account number, Social Security

1 number, or other financial or identifying information of any person that any
2 Defendant obtained in connection with any activity that pertains to the subject
3 matter of this Order.

4 Provided, however, that Defendant Cadiz may disclose such identifying
5 information to a law enforcement agency, to her attorneys as required for her
6 defense, as required by any law, regulation, or court order, or in any filings,
7 pleadings or discovery in this action in the manner required by the Federal Rules of
8 Civil Procedure and by any protective order in the case.

9 **VII. ASSET FREEZE**

10 **IT IS FURTHER ORDERED** that Defendant Cadiz and her officers,
11 agents, employees, and attorneys, and all other persons in active concert or
12 participation with any of them, who receive actual notice of this Order, whether
13 acting directly or indirectly, are preliminarily restrained and enjoined from:

14 A. Transferring, liquidating, converting, encumbering, pledging, loaning,
15 selling, concealing, dissipating, disbursing, assigning, relinquishing, spending,
16 withdrawing, granting a lien or security interest or other interest in, or otherwise
17 disposing of any Assets that are:

- 18 1. Owned or controlled, directly or indirectly, by any Defendant,
19 including, but not limited to, those for which any Defendant is a
20 signatory on the account;
- 21 2. Held, in part or in whole, for the benefit of any Defendant;
- 22 3. In the actual or constructive possession of any Defendant; or
- 23 4. Owned or controlled by, in the actual or constructive possession
24 of, or otherwise held for the benefit of, any corporation,
25 partnership, asset protection trust, or other entity that is directly
26 or indirectly owned, managed or controlled by any Defendant.

27 B. Opening or causing to be opened any safe deposit boxes, commercial
28 mail boxes, or storage facilities titled in the name of any Defendant or subject to

1 access by any Defendant, except as necessary to comply with written requests from
2 the Receiver acting pursuant to its authority under this Order;

3 C. Incurring charges or cash advances on any credit, debit, or ATM card
4 issued in the name, individually or jointly, of any Corporate Defendant or any
5 corporation, partnership, or other entity directly or indirectly owned, managed, or
6 controlled by any Defendant, or of which any Defendant is an officer, director,
7 member, or manager. This includes any corporate bankcard or corporate credit
8 card account for which any Defendant is, or was on the date that this Order was
9 signed, an authorized signer; or

10 D. Cashing any checks or depositing any money orders or cash received
11 from consumers, clients, or customers of any Defendant.

12 E. The Assets affected by this Section shall include:

- 13 1. All Assets of Defendants as of the time the TRO was entered,
14 except for \$1188.83 from Defendant Cadiz's Capital One
15 account ending #8075 and \$336.00 from Defendant Cadiz's US
16 Bank account ending #9004, which shall be released upon entry
17 of this Order;
- 18 2. All Assets obtained by Defendants after the TRO was entered if
19 those Assets are derived from any activity that is the subject of
20 the Complaint in this matter or that is prohibited by this Order;
21 and
- 22 3. All Assets owned or controlled, directly or indirectly, by
23 Defendants, including, but not limited to, the Jurikel Family
24 Trust, or Carols Place Trust.

25 F. This Section does not prohibit any transfers to the Receiver or
26 repatriation of foreign Assets specifically required by this Order.

27 **VIII. DUTIES OF ASSET HOLDERS AND OTHER THIRD PARTIES**

1 **IT IS FURTHER ORDERED** that any financial or brokerage institution,
2 Electronic Data Host, credit card processor, payment processor, merchant bank,
3 acquiring bank, independent sales organization, third party processor or vendor,
4 payment gateway, insurance company, business entity, or person who receives
5 actual notice of this Order (by service or otherwise) that:

6 (a) has held, controlled, or maintained custody, through an account
7 or otherwise, of any Document on behalf of Defendant Cadiz or
8 any Asset that has been owned or controlled, directly or
9 indirectly, by Defendant Cadiz; held, in part or in whole, for the
10 benefit of Defendant Cadiz; in the actual or constructive
11 possession of Defendant Cadiz; or owned or controlled by, in
12 the actual or constructive possession of, or otherwise held for
13 the benefit of, any corporation, partnership, asset protection
14 trust, or other entity that is directly or indirectly owned,
15 managed or controlled by Defendant Cadiz;

16 (b) has held, controlled, or maintained custody, through an account
17 or otherwise, of any Document or Asset associated with credits,
18 debits, or charges made on behalf of Defendant Cadiz,
19 including reserve funds held by payment processors, credit card
20 processors, merchant banks, acquiring banks, independent sales
21 organizations, third party processors or vendors, payment
22 gateways, insurance companies, or other entities; or

23 (c) has extended credit to Defendant Cadiz, including through a
24 credit card account, shall:

25 A. Hold, preserve, and retain within its control and prohibit the
26 withdrawal, removal, alteration, assignment, transfer, pledge, encumbrance,
27 disbursement, dissipation, relinquishment, conversion, sale, or other disposal of
28 any such Document or Asset, as well as all Documents or other property related to

1 such Assets, except as provided in Section VII.E(1) of this Order or as further
2 ordered by this Court;

3 B. Deny any person, except the Receiver, access to any safe deposit box,
4 commercial mail box, or storage facility that is titled in the name of Defendant
5 Cadiz, either individually or jointly, or otherwise subject to access by Defendant
6 Cadiz;

7 C. Unless already provided pursuant to the TRO, provide Plaintiff's
8 counsel and the Receiver, within three (3) days of receiving a copy of this Order, a
9 sworn statement setting forth:

- 10 1. The identification number of each such account or Asset;
- 11 2. The balance of each such account, or a description of the nature
12 and value of each such Asset as of the close of business on the
13 day on which this Order is served, and, if the account or other
14 Asset has been closed or removed, the date closed or removed,
15 the total funds removed in order to close the account, and the
16 name of the person or entity to whom such account or other
17 Asset was remitted; and
- 18 3. The identification of any safe deposit box, commercial mail
19 box, or storage facility that is either titled in the name,
20 individually or jointly, of Defendant Cadiz, or is otherwise
21 subject to access by Defendant Cadiz; and

22 D. Upon the request of Plaintiff's counsel or the Receiver, promptly
23 provide Plaintiff's counsel and the Receiver with copies of all records or other
24 Documents pertaining to any account covered by this Section or Asset, including
25 originals or copies of account applications, account statements, signature cards,
26 checks, drafts, deposit tickets, transfers to and from the accounts, including wire
27 transfers and wire transfer instructions, all other debit and credit instruments or
28

1 slips, currency transaction reports, 1099 forms, and all logs and records pertaining
2 to safe deposit boxes, commercial mail boxes, and storage facilities.

3 Provided, however, that this Section does not prohibit any transfers to the Receiver
4 or repatriation of foreign Assets specifically required by this Order.

5 **IX. FOREIGN ASSET REPATRIATION**

6 **IT IS FURTHER ORDERED** that, to the extent not already done pursuant
7 to the TRO, within five (5) days following the service of this Order, Defendant
8 Cadiz shall:

9 A. Provide Plaintiff's counsel and the Receiver with a full accounting,
10 verified under oath and accurate as of the date of this Order, of all Assets,
11 Documents, and accounts outside of the United States that are: (1) titled in the
12 name, individually or jointly, of any Defendant; (2) held by any person or entity
13 for the benefit of any Defendant or for the benefit of, any corporation, partnership,
14 asset protection trust, or other entity that is directly or indirectly owned, managed
15 or controlled by any Defendant; or (3) under the direct or indirect control, whether
16 jointly or singly, of any Defendant;

17 B. Take all steps necessary to provide the Receiver and Plaintiff's
18 counsel access to all Documents and records that may be held by third parties
19 located outside of the territorial United States of America;

20 C. Transfer to the territory of the United States and deliver to the
21 Receiver all Documents and Assets located in foreign countries that are: (1) titled
22 in the name, individually or jointly, of any Defendant, or any trust or other entity
23 for which any Defendant is a beneficiary or trustee; (2) held by any person or
24 entity for the benefit of any Defendant or for the benefit of any corporation,
25 partnership, asset protection trust, or other entity that is directly or indirectly
26 owned, managed or controlled by any Defendant; or (3) under the direct or indirect
27 control, whether jointly or singly, of any Defendant; and
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1 D. The same business day as any repatriation, (1) notify the Receiver and
2 Plaintiff's counsel of the name and location of the financial institution or other
3 entity that is the recipient of such Documents or Assets; and (2) serve this Order on
4 any such financial institution or other entity.

5 **X. NON-INTERFERENCE WITH ASSET FREEZE AND**
6 **REPATRIATION**

7 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
8 employees, and attorneys, and all other persons in active concert or participation
9 with any of them, who receive actual notice of this Order, whether acting directly
10 or indirectly, are hereby preliminarily restrained and enjoined from taking any
11 action, directly or indirectly, which may result in the encumbrance, transfer,
12 relocation, or dissipation of domestic or foreign Assets, or in the hindrance of the
13 repatriation required by this Order, including, but not limited to:

14 A. Sending any communication or engaging in any other act, directly or
15 indirectly, that results in a determination by a foreign trustee or other entity that a
16 "duress" event has occurred under the terms of a foreign trust agreement until such
17 time that all Defendants' Assets have been fully repatriated pursuant to this Order
18 or any other order issued by this Court; or

19 B. Notifying any trustee, protector, or other agent of any foreign trust or
20 other related entities of either the existence of this Order, or of the fact that
21 repatriation is required pursuant to a court order, until such time that all
22 Defendants' Assets have been fully repatriated pursuant to this Order or any other
23 order issued by this Court.

24 **XI. CONSUMER CREDIT REPORTS**

25 **IT IS FURTHER ORDERED** that Plaintiff may obtain credit reports
26 concerning Defendant Cadiz pursuant to Section 604(a)(1) of the Fair Credit
27 Reporting Act, 15 U.S.C. 1681b(a)(1), and that, upon written request, any credit
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1 reporting agency from which such reports are requested shall provide them to
2 Plaintiff.

3 **XII. PRESERVATION OF RECORDS**

4 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
5 employees, and attorneys, and all other persons in active concert or participation
6 with any of them, who receive actual notice of this Order, whether acting directly
7 or indirectly, are hereby preliminarily restrained and enjoined from:

8 A. Destroying, erasing, falsifying, writing over, mutilating, concealing,
9 altering, transferring, or otherwise disposing of, in any manner, directly or
10 indirectly, Documents that relate to: (1) the business, business practices, Assets, or
11 business or personal finances of any Defendant; (2) the business practices or
12 finances of entities directly or indirectly under the control of any Defendant; or (3)
13 the business practices or finances of entities directly or indirectly under common
14 control with any other Defendant; and

15 B. Failing to create and maintain Documents that, in reasonable detail,
16 accurately, fairly, and completely reflect Defendant Cadiz's income,
17 disbursements, transactions, and use of her Assets.

18 **XIII. REPORT OF NEW BUSINESS ACTIVITY**

19 **IT IS FURTHER ORDERED** that, to the extent not already done pursuant
20 to the TRO, Defendant Cadiz, her officers, agents, employees, and attorneys, and
21 all other persons in active concert or participation with any of them, who receive
22 actual notice of this Order, whether acting directly or indirectly, are preliminarily
23 restrained and enjoined from creating, operating, or exercising any control over
24 any business entity, whether newly formed or previously inactive, including any
25 partnership, limited partnership, joint venture, sole proprietorship, or corporation,
26 without first providing Plaintiff's counsel and the Receiver with a written
27 statement disclosing: (1) the name of the business entity; (2) the address and
28 telephone number of the business entity; (3) the names of the business entity's

1 officers, directors, principals, managers, and employees; and (4) a detailed
2 description of the business entity's intended activities.

3 **XIV. CONTINUATION OF THE RECEIVERSHIP**

4 **IT IS FURTHER ORDERED** that Robb Evans & Associates shall
5 continue to serve as the Receiver of the Receivership Entities with full powers of
6 an equity receiver. The Receiver shall be solely the agent of this Court in acting as
7 Receiver under this Order.

8 **XV. DUTIES AND AUTHORITY OF RECEIVER**

9 **IT IS FURTHER ORDERED** that the Receiver is directed and authorized
10 to accomplish the following:

11 A. Assume full control of the Receivership Entities by removing, as the
12 Receiver deems necessary or advisable, any director, officer, independent
13 contractor, employee, attorney, or agent of any Receivership Entity from control
14 of, management of, or participation in, the affairs of the Receivership Entity;

15 B. Take exclusive custody, control, and possession of all Assets and
16 Documents of, or in the possession, custody, or under the control of, any
17 Receivership Entity covered by Section XIV of this Order, wherever situated;

18 C. Take exclusive custody, control, and possession of all Documents or
19 Assets associated with credits, debits, or charges made on behalf of any
20 Receivership Entity, wherever situated, including reserve funds held by payment
21 processors, credit card processors, merchant banks, acquiring banks, independent
22 sales organizations, third party processors, payment gateways, insurance
23 companies, or other entities;

24 D. Conserve, hold, manage, and prevent the loss of all Receivership
25 Property, and perform all acts necessary or advisable to preserve the value of those
26 Assets. The Receiver shall assume control over the income and profits therefrom
27 and all sums of money now or hereafter due or owing to the Receivership Entities.
28 The Receiver shall have full power to sue for, collect, and receive, all Receivership

1 Property and all Assets of other persons or entities whose interests are now under
2 the direction, possession, custody, or control of, the Receivership Entities.
3 Provided, however, that the Receiver shall not attempt to collect any amount from
4 a consumer if the Receiver believes the consumer's debt to the Receivership
5 Entities has resulted from the deceptive acts or practices or other violations of law
6 alleged in the Complaint in this matter, without prior Court approval;

7 E. Take exclusive custody, control, and possession of the following
8 valuable articles in the possession, custody, or under the control of, Defendants,
9 including their officers, directors, managers, employees, or owners, wherever
10 located:

- 11 1. Ladies 14K yellow gold and diamond ring. Insured for
12 \$11,813.
- 13 2. Ladies diamond pendent setting 14 KT. Insured for \$23,730.
- 14 3. Ladies Diamond Stud Earrings. Insured for \$34,125.
- 15 4. Ladies Diamond Fancy Ring. Insured for \$31,763.
- 16 5. Mens Roadster SM WG/WG Paved Bezel. Insured for
17 \$32,550.
- 18 6. Ladies handmade platinum diamond bracelet. Insured for
19 \$46,725.
- 20 7. Mens GTS 18KT white gold Daytona Rolex. Insured for
21 \$42,000.
- 22 8. 5.08 ct round diamond I color S12 Clarity EGL platinum ring.
23 Insured for \$102,076.
- 24 9. Mens Rolex Yacht-Master 18K gold watch. Insured for
25 \$14,125.
- 26 10. Ladies Love Bra yellow gold 4 dia[] 17 cm. Insured for \$9,819.
- 27 11. Ladies yellow gold ring, Serial #UD0824. Insured for \$2,284.
- 28 12. Ladies fancy diamond bracelet. Insured for \$39,397.

13. Mens Rolex watch 18KT gold Pearlmaster. Insured for \$33,180.
14. Tiffany pearl bracelet. Insured for \$3,166.
15. Ladies emerald and diamond ring. Insured for \$24,856.
16. IWC Portofino moon phase watch. Insured for \$8,000.
17. Pre-owner Ladies stainless steel Patek Phili[ppe]. Insured for \$8,145.
18. Rolex Vintage Thund[er]. Insured for \$9,000.
19. Stuart Moore “Aronade” platinum diamond. Insured for \$12,650.
20. Peter Philippe annual calendar wristwatch. Insured for \$41,300.
21. 18K yellow gold Tiffany Diamond Bracelet. #B0164. Insured for \$7,600.
22. “Living Room” Artist Romero Britto. Insured for \$12,600.
23. Hermes Birkin bag, size 35 (Togo leather; in Sienna color). Insured for \$20,000.
24. Hermes Birkin bag, size 35 (Togo leather; Curry). Insured for \$20,000.
25. Ladies ring round center stone 8.5 cts, VS2 with diamonds. Insured for \$532,000.
26. MenOCOs Patek Philippe gold calendar watch model 5035J. Insured for \$28,500.

To the extent Defendant Cadiz has any of the foregoing articles in her possession, custody, or control, she shall deliver them to the Receiver at a place and time to be determined by the Receiver.

F. Obtain, conserve, hold, manage, and prevent the loss of all Documents of the Receivership Entities, and perform all acts necessary or advisable to

1 preserve such Documents. The Receiver shall: divert mail; preserve all
2 Documents of the Receivership Entities that are accessible via electronic means
3 (such as online access to financial accounts and access to electronic documents
4 held onsite or by Electronic Data Hosts, by changing usernames, passwords or
5 other log-in credentials; take possession of all electronic Documents of the
6 Receivership Entities stored onsite or remotely; take whatever steps necessary to
7 preserve all such Documents; and obtain the assistance of the FTC's Digital
8 Forensic Unit for the purpose of obtaining electronic documents stored onsite or
9 remotely.

10 G. Choose, engage, and employ attorneys, accountants, appraisers, and
11 other independent contractors and technical specialists, as the Receiver deems
12 advisable or necessary in the performance of duties and responsibilities under the
13 authority granted by this Order;

14 H. Make payments and disbursements from the receivership estate that
15 are necessary or advisable for carrying out the directions of, or exercising the
16 authority granted by, this Order, and to incur, or authorize the making of, such
17 agreements as may be necessary and advisable in discharging his or her duties as
18 Receiver. The Receiver shall apply to the Court for prior approval of any payment
19 of any debt or obligation incurred by the Receivership Entities prior to the date of
20 entry of this Order, except payments that the Receiver deems necessary or
21 advisable to secure Assets of the Receivership Entities, such as rental payments;

22 I. Take all steps necessary not already taken pursuant to the TRO to
23 secure and take exclusive custody of each location from which the Receivership
24 Entities operate their businesses. Such steps may include, but are not limited to,
25 any of the following, as the Receiver deems necessary or advisable: (1) securing
26 the location by changing the locks and alarm codes and disconnecting any Internet
27 access or other means of access to the computers, servers, internal networks, or
28 other records maintained at that location; and (2) requiring any persons present at

1 the location to leave the premises, to provide the Receiver with proof of
2 identification, and/or to demonstrate to the satisfaction of the Receiver that such
3 persons are not removing from the premises Documents or Assets of the
4 Receivership Entities, including, but not limited to, telephones, computers, and
5 tablets paid for by the Receivership Entities. Law enforcement personnel,
6 including, but not limited to, police or sheriffs, may assist the Receiver in
7 implementing these provisions in order to keep the peace and maintain security. If
8 requested by the Receiver, the United States Marshal will provide appropriate and
9 necessary assistance to the Receiver to implement this Order and is authorized to
10 use any necessary and reasonable force to do so;

11 J. Take all steps necessary to prevent the modification, destruction, or
12 erasure of any web page or website registered to and operated, in whole or in part,
13 by any Defendants, and to provide access to all such web page or websites to
14 Plaintiff's representatives, agents, and assistants, as well as Defendants and their
15 representatives;

16 K. Enter into and cancel contracts and purchase insurance as advisable or
17 necessary;

18 L. Prevent the inequitable distribution of Assets and determine, adjust,
19 and protect the interests of consumers who have transacted business with the
20 Receivership Entities;

21 M. Make an accounting, as soon as practicable, of the Assets and
22 financial condition of the receivership and file the accounting with the Court and
23 deliver copies thereof to all parties;

24 N. Institute, compromise, adjust, appear in, intervene in, defend, dispose
25 of, or otherwise become party to any legal action in state, federal or foreign courts
26 or arbitration proceedings as the Receiver deems necessary and advisable to
27 preserve or recover the Assets of the Receivership Entities, or to carry out the
28

1 Receiver's mandate under this Order, including, but not limited to, actions
2 challenging fraudulent or voidable transfers;

3 O. Issue subpoenas to obtain Documents and records pertaining to the
4 Receivership, and conduct discovery in this action on behalf of the receivership
5 estate, in addition to obtaining other discovery as set forth in this Order;

6 P. Open one or more bank accounts at designated depositories for funds
7 of the Receivership Entities. The Receiver shall deposit all funds of the
8 Receivership Entities in such designated accounts and shall make all payments and
9 disbursements from the receivership estate from such accounts. The Receiver shall
10 serve copies of monthly account statements on all parties;

11 Q. Maintain accurate records of all receipts and expenditures incurred as
12 Receiver;

13 R. Allow Plaintiffs' representatives, agents, and assistants, as well as
14 Defendants and their representatives reasonable access to the premises of the
15 Receivership Entities, or any other premises where the Receivership Entities
16 conduct business. The purpose of this access shall be to inspect and copy any and
17 all books, records, Documents, accounts, and other property owned by, or in the
18 possession of, the Receivership Entities or their agents. The Receiver shall have
19 the discretion to determine the time, manner, and reasonable conditions of such
20 access;

21 S. Allow Plaintiffs' representatives, agents, and assistants, as well as
22 Defendants and their representatives reasonable access to all Documents in the
23 possession, custody, or control of the Receivership Entities;

24 T. Cooperate with reasonable requests for information or assistance from
25 any state or federal civil or criminal law enforcement agency;

26 U. Suspend business operations of the Receivership Entities if in the
27 judgment of the Receiver such operations cannot be continued legally and
28 profitably;

1 V. If the Receiver identifies a nonparty entity as a Receivership Entity,
2 promptly notify the entity as well as the parties, and inform the entity that it can
3 challenge the Receiver's determination by filing a motion with the Court.
4 Provided, however, that the Receiver may delay providing such notice until the
5 Receiver has established control of the nonparty entity and its assets and records, if
6 the Receiver determines that notice to the entity or the parties before the Receiver
7 establishes control over the entity may result in the destruction of records,
8 dissipation of assets, or any other obstruction of the Receiver's control of the
9 entity;

10 W. If in the Receiver's judgment the business operations cannot be
11 continued legally and profitably, take all steps necessary to ensure that any of the
12 Receivership Entities' web pages or websites relating to the activities alleged in the
13 Complaint cannot be accessed by the public, or are modified for consumer
14 education and/or informational purposes, and take all steps necessary to ensure that
15 any telephone numbers associated with the Receivership Entities cannot be
16 accessed by the public, or are answered solely to provide consumer education or
17 information regarding the status of operations; and

18 X. File timely reports with the Court at reasonable intervals or as
19 otherwise directed by the Court.

20 **XVI. TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER**

21 **IT IS FURTHER ORDERED** that, to the extent not already done pursuant
22 to the TRO, Defendant Cadiz and any other person with possession, custody, or
23 control of property of, or records relating to, the Receivership Entities shall, upon
24 notice of this Order by personal service or otherwise, fully cooperate with and
25 assist the Receiver in taking and maintaining possession, custody, or control of the
26 Assets and Documents of the Receivership Entities and immediately provide,
27 transfer, or deliver to the Receiver possession, custody, and control of, the
28 following:

1 B. To the extent of Defendant Cadiz's knowledge, a list of all Assets and
2 accounts of Jason Cardiff and Eunjung Cardiff that are held in any name other than
3 their own names, or by any person or entity other than themselves;

4 C. A list of all agents, employees, officers, attorneys, servants and those
5 persons in active concert and participation with the Receivership Entities, or who
6 have been associated or done business with the Receivership Entities; and

7 D. A description of any documents covered by attorney-client privilege
8 or attorney work product, including files where such documents are likely to be
9 located, authors or recipients of such documents, and search terms likely to
10 identify such electronic documents.

11 **XVIII. COOPERATION WITH THE RECEIVER**

12 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
13 employees, and attorneys, all other persons in active concert or participation with
14 any of them, and any other person with possession, custody, or control of:

- 15 1. Receivership Property or records relating to Receivership
16 Property; or
- 17 2. Other records relating to the Receivership Entities;

18 who receive actual notice of this Order shall fully cooperate with and assist the
19 Receiver. This cooperation and assistance shall include, but is not limited to,
20 providing information to the Receiver that the Receiver deems necessary to
21 exercise the authority and discharge the responsibilities of the Receiver under this
22 Order; providing any keys, codes, user names, passwords, and all other means
23 required to access any computers, electronic devices, mobile devices, machines
24 (onsite or remotely), and any cloud account (including specific method to access
25 account) or electronic file in any medium; advising all persons who owe money to
26 any Receivership Entity that all debts should be paid directly to the Receiver; and
27 transferring funds at the Receiver's direction and producing records related to the
28 Receivership Property and sales of the Receivership Entities.

1 **XIX. NON-INTERFERENCE WITH THE RECEIVER**

2 **IT IS FURTHER ORDERED** that Defendant Cadiz, her officers, agents,
3 employees, attorneys, and all other persons in active concert or participation with
4 any of them, who receive actual notice of this Order, and any other person served
5 with a copy of this Order, are hereby restrained and enjoined from directly or
6 indirectly:

7 A. Interfering with the Receiver's efforts to manage, or take custody,
8 control, or possession of, the Assets or Documents subject to the receivership;

9 B. Transacting any of the business of the Receivership Entities;

10 C. Transferring, receiving, altering, selling, encumbering, pledging,
11 assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or
12 in the possession or custody of, or in which an interest is held or claimed by, any
13 Defendant, except as provided in Section VII.E(1) of this Order; or

14 D. Refusing to cooperate with the Receiver or the Receiver's duly
15 authorized agents in the exercise of their duties or authority under any order of this
16 Court.

17 **XX. STAY OF ACTIONS**

18 **IT IS FURTHER ORDERED** that, except by leave of this Court, during
19 the pendency of the receivership ordered herein, Defendant Cadiz, her officers,
20 agents, employees, attorneys, and all other persons in active concert or
21 participation with her, who receive actual notice of this Order, and their
22 corporations, subsidiaries, divisions, or affiliates, and all investors, creditors,
23 stockholders, lessors, customers and other persons seeking to establish or enforce
24 any claim, right, or interest against or on behalf of Defendants, and all others
25 acting for or on behalf of such persons, are hereby enjoined from taking action that
26 would interfere with the exclusive jurisdiction of this Court over the Assets or
27 Documents of the Receivership Entities, including, but not limited to:

1 A. Filing or assisting in the filing of a petition for relief under the
2 Bankruptcy Code, 11 U.S.C. § 101 et seq., or of any similar insolvency proceeding
3 on behalf of the Receivership Entities;

4 B. Commencing, prosecuting, or continuing a judicial, administrative, or
5 other action or proceeding against the Receivership Entities, including the issuance
6 or employment of process against the Receivership Entities, except that such
7 actions may be commenced if necessary to toll any applicable statute of
8 limitations;

9 C. Filing or enforcing any lien on any Asset of the Receivership Entities,
10 taking or attempting to take possession, custody, or control of any Asset of the
11 Receivership Entities; or attempting to foreclose, forfeit, alter, or terminate any
12 interest in any Asset of the Receivership Entities, whether such acts are part of a
13 judicial proceeding, are acts of self-help, or otherwise.

14 Provided, however, that this Order does not stay: (1) the commencement or
15 continuation of a criminal action or proceeding; (2) the commencement or
16 continuation of an action or proceeding by a governmental unit to enforce such
17 governmental unit's police or regulatory power; or (3) the enforcement of a
18 judgment, other than a money judgment, obtained in an action or proceeding by a
19 governmental unit to enforce such governmental unit's police or regulatory power.

20 **XXI. COMPENSATION OF RECEIVER**

21 **IT IS FURTHER ORDERED** that the Receiver and all personnel hired by
22 the Receiver as herein authorized, including counsel to the Receiver and
23 accountants, are entitled to reasonable compensation for the performance of duties
24 pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by
25 them, from the Assets now held by, in the possession or control of, or which may
26 be received by, the Receivership Entities. The Receiver shall file with the Court
27 and serve on the parties periodic requests for the payment of such reasonable
28 compensation, with the first such request filed no more than sixty (60) days after

1 the date of entry of this Order. The Receiver shall not increase the hourly rates
2 used as the bases for such fee applications without prior approval of the Court.

3 **XXII. RECEIVER'S BOND**

4 **IT IS FURTHER ORDERED** that the Receiver shall file with the Clerk of
5 this Court, unless already filed, a bond in the sum of \$15,000 with sureties to be
6 approved by the Court, conditioned that the Receiver will well and truly perform
7 the duties of the office and abide by and perform all acts the Court directs.

8 28 U.S.C. § 754.

9 **XXIII. DISTRIBUTION OF ORDER BY DEFENDANTS**

10 **IT IS FURTHER ORDERED** that Defendant Cadiz shall immediately
11 provide a copy of this Order to each affiliate, telemarketer, marketer, sales entity,
12 successor, assign, member, officer, director, employee, agent, independent
13 contractor, client, attorney, spouse, subsidiary, division, and representative of any
14 Defendant, and shall, to the extent not already done pursuant to the TRO, within
15 ten (10) days from the date of entry of this Order, provide Plaintiff and the
16 Receiver with a sworn statement that this provision of the Order has been satisfied,
17 which statement shall include the names, physical addresses, phone number, and
18 email addresses of each such person or entity who received a copy of the Order.
19 Furthermore, Defendant Cadiz shall not take any action that would encourage
20 officers, agents, members, directors, employees, salespersons, independent
21 contractors, attorneys, subsidiaries, affiliates, successors, assigns or other persons
22 or entities in active concert or participation with them to disregard this Order or
23 believe that they are not bound by its provisions.

24 **XXIV. EXPEDITED DISCOVERY**

25 **IT IS FURTHER ORDERED** that, notwithstanding the provisions of Fed.
26 R. Civ. P. 26(d) and (f) and 30(a)(2)(A)(iii), and pursuant to Fed. R. Civ. P. 30(a),
27 34, and 45, Plaintiff and the Receiver are granted leave, from any time after service
28 of this Order until a Rule 16(b) scheduling order is issued, to conduct limited

1 expedited discovery for the purpose of discovering: (1) the nature, location, status,
2 and extent of Defendants' Assets; or (2) compliance with this Order. The limited
3 expedited discovery set forth in this Section shall proceed as follows:

4 A. Plaintiff and the Receiver may take the deposition of parties and non-
5 parties. Forty-eight (48) hours notice shall be sufficient notice for such
6 depositions. The limitations and conditions set forth in Rules 30(a)(2)(B) and
7 31(a)(2)(B) of the Federal Rules of Civil Procedure regarding subsequent
8 depositions of an individual shall not apply to depositions taken pursuant to this
9 Section. Any such deposition taken pursuant to this Section shall not be counted
10 towards the deposition limit set forth in Rules 30(a)(2)(A) and 31(a)(2)(A) and
11 depositions may be taken by telephone or other remote electronic means.

12 B. Plaintiff and the Receiver may serve upon parties requests for
13 production of Documents or inspection that require production or inspection within
14 five (5) days of service, provided, however, that three (3) days of notice shall be
15 deemed sufficient for the production of any such Documents that are maintained or
16 stored only in an electronic format.

17 C. Plaintiff and the Receiver may serve upon parties interrogatories that
18 require response within five (5) days after Plaintiff serves such interrogatories.

19 D. Plaintiff and the Receiver may serve subpoenas upon non-parties that
20 direct production or inspection within five (5) days of service.

21 E. Service of discovery upon a party to this action, taken pursuant to this
22 Section, shall be sufficient if made by facsimile, email, or by overnight delivery.

23 F. Any expedited discovery taken pursuant to this Section is in addition
24 to, and is not subject to, the limits on discovery set forth in the Federal Rules of
25 Civil Procedure and the Local Rules of this Court. The expedited discovery
26 permitted by this Section does not require a meeting or conference of the parties,
27 pursuant to Rules 26(d) & (f) of the Federal Rules of Civil Procedure.
28

1 G. The Parties are exempted from making initial disclosures under Fed.
2 R. Civ. P. 26(a)(1) until further order of this Court.

3 **XXV. SERVICE OF THIS ORDER**

4 **IT IS FURTHER ORDERED** that copies of this Order may be served by
5 any means, including facsimile, electronic mail or other electronic messaging,
6 personal or overnight delivery, U.S. Mail or FedEx, by agents and employees of
7 Plaintiff, by any law enforcement agency, or by private process server, upon
8 Defendant Cadiz or any person (including any financial institution) that may have
9 possession, custody, or control of any Asset or Document of Defendant Cadiz, or
10 that may be subject to any provision of this Order pursuant to Rule 65(d)(2) of the
11 Federal Rules of Civil Procedure. For purposes of this Section, service upon any
12 branch, subsidiary, affiliate or office of any entity shall effect service upon the
13 entire entity.

14 **XXVI. CORRESPONDENCE AND SERVICE ON PLAINTIFF**

15 **IT IS FURTHER ORDERED** that, for the purpose of this Order, all
16 correspondence and service of pleadings on Plaintiff shall be addressed to:

17 Elizabeth Sanger
18 James A. Prunty
19 Edwin Rodriguez
20 Shira D. Modell
21 Federal Trade Commission
22 600 Pennsylvania Ave., NW
23 Washington, DC 20580
24 Tel: (202) 326-2757, -2438, -3147, -3116
25 Fax: (202) 326-3259
26 Email: esanger@ftc.gov; jprunty@ftc.gov; erodriguez@ftc.gov;
27 smode@ftc.gov

28 **XXVII. DURATION OF THE ORDER**

IT IS FURTHER ORDERED that this Order shall expire upon entry of a
final judgment in this case, and that Defendant Cadiz is excused from appearing at
the November 7, 2018 hearing.

1 **XXVIII. RETENTION OF JURISDICTION**

2 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of
3 this matter for all purposes.

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5 SO ORDERED, this 7th day of November, 2018, at 9:00 a.m.

6
7 *S. James Otero*
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10 UNITED STATES DISTRICT JUDGE
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